

Message Text

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C O N F I D E N T I A L BRUSSELS 5836

EXDIS

FOR ASSISTANT SECRETARY ENDERS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: IEA JUNE 30 GOVERNING BOARD MEETING

REF: TOKYO 8550

1. I DELIVERED YOUR MESSAGE TO DAVIGNON THIS AFTERNOON AND EMPHASIZED THE IMPORTANCE WE ATTACH TO THE LONG-TERM PROGRAM AND THE NEED TO COME TO GRIPS WITH THE OUTSTANDING SUBSTANTIVE ISSUES AT THE JUNE 30 MEETING OF THE GOVERNING BOARD.

2. DAVIGNON AGREED IN GENERAL TERMS WITH OUR OBJECTIVES AND ASSESSMENT OF THE DIFFICULTIES. HE ADDED THE FOLLOWING COMMENTS.

A. IT IS IMPORTANT AS AN INDICATION OF IEA SOLIDARITY THAT AGREEMENT BE REACHED ON A RANGE FOR THE MINIMUM SAFEGUARD PRICE. IT MIGHT BE POSSIBLE TO DO SO IF THE RANGE IS SET LOW ENOUGH.

THE GERMANS AND OTHERS WILL INSIST ON A LOW PRICE.

B. THE RANGE FOR THE MINIMUM SAFEGUARD PRICE THAT CAN BE AGREED NOW WILL HAVE LITTLE OR NO ECONOMIC IMPACT. ACCORDINGLY, THERE IS NO NEED TO AGREE ON COMMON MECHANISMS.

C. COMMON MECHANISMS MIGHT BE USEFUL IF IT WERE POSSIBLE TO AGREE ON A HIGHER PRICE AND IF THERE WERE A DISPOSITION TO SHARE OIL SUPPLIES WITHIN THE IEA. BUT THIS IS NOT WITHIN THE REALM OF THE POSSIBLE.

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D. THE QUESTION OF PRICE AND COMMON MECHANISMS SHOULD BE APPROA-

CHED FLEXIBLY, BEARING IN MIND THE OTHER IMPORTAANT ASPECTS
OF THE PROGRAM FOR LONG-TERM COOPERATION.

3. IN SHORT, WHILE DAVIGNON WANTS TO GO AS FAR AS POSSIBLE
AT THE UPCOMING MEETING OF THE GOVERNING BOARD, HE CAUTIIONS
AGAINST PUTTING TOO MUCH WEIGHT ON ANY SINGLE ASPECT OF
THE LONG-TERM PROGRAM AND ESPECIALLY AGAINST TRYING TO FORCE
AGREEMENT ON A PRICE RANGE OR COMMON MECHANISMS.RENNER

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